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E-File: February 19, 2010

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Attorneys for Debtors and  
 Debtors in Possession

**UNITED STATES BANKRUPTCY COURT**

**DISTRICT OF NEVADA**

In re:

**THE RHODES COMPANIES, LLC, aka**  
**"Rhodes Homes," et al.,<sup>1</sup>**  
**Debtors.**

Case No.: BK-S-09-14814-LBR  
 (Jointly Administered)

Chapter 11

Affects:

<sup>1</sup> The Debtors in these cases, along with their case numbers are: Heritage Land Company, LLC (Case No. 09-14778); The Rhodes Companies, LLC (Case No. 09-14814); Tribes Holdings, LLC (Case No. 09-14817); Apache Framing, LLC (Case No. 09-14818); Geronimo Plumbing LLC (Case No. 09-14820); Gung-Ho Concrete LLC (Case No. 09-14822); Bravo, Inc. (Case No. 09-14825); Elkhorn Partners, A Nevada Limited Partnership (Case No. 09-14828); Six Feathers Holdings, LLC (Case No. 09-14833); Elkhorn Investments, Inc. (Case No. 09-14837); Jarupa, LLC (Case No. 09-14839); Rhodes Realty, Inc. (Case No. 09-14841); C & J Holdings, Inc. (Case No. 09-14843); Rhodes Ranch General Partnership (Case No. 09-14844); Rhodes Design and Development Corporation (Case No. 09-14846); Parcel 20, LLC (Case No. 09-14848); Tuscany Acquisitions IV, LLC (Case No. 09-14849); Tuscany Acquisitions III, LLC (Case No. 09-14850); Tuscany Acquisitions II, LLC (Case No. 09-14852); Tuscany Acquisitions, LLC (Case No. 09-14853); Rhodes Ranch Golf Country Club, LLC (Case No. 09-14854); Overflow, LP (Case No. 09-14856); Wallboard, LP (Case No. 09-14858); Jackknife, LP (Case No. 09-14860); Batcave, LP (Case No. 09-14861); Chalkline, LP (Case No. 09-14862); Glynda, LP (Case No. 09-14865); Tick, LP (Case No. 09-14866); Rhodes Arizona Properties, LLC (Case No. 09-14868); Rhodes Homes Arizona, L.L.C. (Case No. 09-14882); Tuscany Golf Country Club, LLC (Case No. 09-14884); and Pinnacle Grading, LLC (Case No. 09-14887).

<input checked="checked" type="checkbox"/>	All Debtors
<input type="checkbox"/>	Affects the following Debtor(s)

**NOTICE TO SELL NON-CORE ASSET (CAT D9L)**

To (a) the Office of the United States Trustee, (b) counsel to the Agent for the First Lien Lenders, (c) counsel to the Agent for the Second Lien Lenders, (d) counsel to the Unsecured Creditors' Committee, (e) counsel to the First Lien Steering Committee; and (f) all parties holding (or, to the Debtors' knowledge, asserting) liens on, or other interests in, the Non-Core Assets (defined below) that are the subject of the Proposed Transaction (defined below) (collectively, the "Interested Parties"):

PLEASE TAKE NOTICE THAT the above-captioned debtors and debtors in possession (the "Debtors") are proposing to sell (the "Proposed Transaction") a non-core asset (the "Non-Core Asset") free and clear of liens, claims and encumbrances, pursuant to the *Order Establishing Procedures to Sell Non-Core Assets* [Docket Number 462] (the "Order"). A further description of the Non-Core Asset and the terms of the sale is set forth on **Attachment A** hereto. As required pursuant to the Order and the Non-Core Assets Sale Procedure, the Debtors have received approval to sell the Non-Core Asset from Winchester Carlisle Partners, the financial advisors to the First Lien Steering Committee.

PLEASE TAKE FURTHER NOTICE THAT pursuant to the Order and the Non-Core Assets Sale Procedure, the Debtors may consummate a Proposed Transaction on fewer than 10 days notice to you if the Debtors obtain written consent to the Proposed Transaction from counsel to the Agent for the First Lien Lenders and counsel to the Agent for the Second Lien Lenders. The Debtors have obtained written consent from counsel to the Agent for the First Lien

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Lenders and counsel to the Agent for the Second Lien Lenders and, accordingly, the Debtors intend to proceed immediately to consummate the sale.

**DATED** this 1<sup>st</sup> day of February, 2010.

PACHULSKI STANG ZIEHL & JONES  
LLP

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Attachment A  
Information Regarding Non-Core Asset Sale Transaction

Questions		Responses
Question 1	Date	February 1, 2010
	Make / Model	Caterpillar D9L Dozer
	Serial#	14Y00126
	Location	Golden Valley, AZ
Question 2	Purchaser	Mud Miners, Inc.
	Relationship to Debtor	None
Question 3	Current Lienholder	None
Question 4	Copy of Contract	Attachment 1
	Summary of Transaction	Sales price of \$35,000
Question 5	Contracts and Leases to Transfer from Seller to Purchaser	None
Question 6	Costs to be Charged Against the Sale Proceeds	None
Question 7	Copies of Appraisals	See Attachment 2

# **Attachment 1**

# **PINNACLE**

## **GRADING & HEAVY EQUIPMENT**

Pinnacle Grading  
313 S. Aztec Rd.  
Golden Valley, AZ 86413

Date: 1/28/2009  
Invoice: 4030

Bill To: Mud Miners, Inc.  
Mile 16 Tofty Rd.  
Manley Hot Springs, AK 99756

Quantity	Description	Amount
1	1982 D9L Dozer S/N 14Y00126	\$35,000.00
Total		\$35,000.00

All equipment sold strictly as-is, where-is, no warranties expressed or implied. Buyer is Responsible for all transportation cost from Golden Valley, AZ and assumes all risk of Loss upon payment. Upon verification of funds, equipment will be released within one (1) Business day and must be removed from the yard within 10 days. It is understood That purchaser assumes all risk and liability for, and shall hold Pinnacle Grading Harmless from all damages for injuries to persons and property arising out of the use, Possession or transportation of the equipment. Payment due in full before buyer taking Possession.

**I (we) have read the contract and agree with its contents.**

Buyer: \_\_\_\_\_ Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

Seller: \_\_\_\_\_ Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

**Thank You for Your Business!**

**PARTIAL SETTLEMENT AGREEMENT**

This Partial Settlement Agreement is by and among U.S. Bancorp Equipment Finance, Inc. ("USBEF") (Secured Party), Pinnacle Grading LLC (Debtor), Sagebrush Enterprises (a "Corporate Guarantor"), Rhodes Design and Development Corporation (a "Corporate Guarantor"), and James Rhodes ("Personal Guarantor"), collectively referred to herein as the "Parties", and relates to that certain loan Schedule number 666120C dated March 15, 2006 under the Master Loan Agreement entered on or about September 22, 2005.

USBEF agrees to allow Pinnacle Grading LLC to sell a portion of the collateral securing the subject loan, specifically described as follows:

**CAT D9L**

**VIN 14Y00126**

USBEF agrees to accept from Pinnacle Grading LLC the sum of **\$35,000.00** as partial satisfaction of its obligations and those of the Personal and Corporate Guarantors in the above-referenced matter.

Upon receipt of this amount in good funds, USBEF will apply 100% of said sum to principal reduction, provided that the interest due is paid current through the last billing cycle, and USBEF will release its rights, title and interests in the above-listed equipment.

**This Partial Settlement Agreement is contingent on the agreed settlement amount of \$35,000.00 being received on or before March 1, 2010.**

This Partial Settlement Agreement only constitutes specific conditions as outlined above. All other terms and conditions of the subject Master Loan Agreement and all Schedules thereunder remain in full force and in effect.

IN WITNESS WHEREOF, the undersigned have executed and delivered this Partial Settlement Agreement as of the \_\_\_\_ day of \_\_\_\_\_, 2010:

Pinnacle Grading LLC

Sagebrush Enterprises

By: \_\_\_\_\_

By: \_\_\_\_\_

Rhodes Design and Development Corporation

By: \_\_\_\_\_

By: \_\_\_\_\_  
James Rhodes, Individual

U.S. Bancorp Equipment Finance, Inc.

By:   
Jan B. Rovner Operations Manager Portfolio Services

Date: February 1, 2010

## **Attachment 2**

# PINNACLE GRADING, LLC APPRAISAL

<u>EQUIP #</u>	<u>CODE #</u>	<u>DESCRIPTION</u>	<u>SERIAL #</u>	<u>NOTES</u>	<u>AV</u>	<u>OLV</u>	<u>FMV</u>
51-020	110-020	1982 CATERPILLAR 651B MOTOR SCRAPER, s/n 67K01020: RETARDER, SPECIAL APPLICATION BOWL, CANOPY, 37.25 X 39 TIRES	67K01020		\$13,000	\$18,500	\$24,000
51-021	110-021	1982 CATERPILLAR 651B MOTOR SCRAPER, s/n 67K01022: RETARDER, SPECIAL APPLICATION BOWL, CAB (NO GLASS OR DOOR), 37.25 X 39 TIRES	67K01022		\$13,000	\$18,500	\$24,000
51-022	110-022	1982 CATERPILLAR 651B MOTOR SCRAPER, s/n 67K01023: RETARDER, SPECIAL APPLICATION BOWL, CANOPY, 37.25 X 39 TIRES	67K01023		\$13,000	\$18,500	\$24,000
99L-001	240-001	1982 CATERPILLAR D9L CRAWLER TRACTOR, s/n 14Y00524: C DOZER, M/S RIPPER, CANOPY, 24" EXTREME SERVICE GROUSERS	14Y00126		\$38,000	\$45,000	\$60,000
99L-002	240-002	1987 CATERPILLAR D9L CRAWLER PUSH TRACTOR, s/n 14Y04126: C DOZER, REAR PUSH BLOCK, CANOPY, 24" EXTREME SERVICE GROUSERS	14Y00524	TRANS OUT AS IS	\$20,000	\$30,000	\$42,500
D10N-001	251-001	1993 CATERPILLAR D10N CRAWLER PUSH TRACTOR, s/n 2YD02495: C DOZER, REAR PUSH CUSHION, CAB, A/C, 24" EXTREME SERVICE GROUSERS	2YD02495		\$75,000	\$85,000	\$95,000
D10N-002	251-002	1988 CATERPILLAR D10N CRAWLER PUSH TRACTOR, s/n 2YD00580: C DOZER, REAR PUSH CUSHION, CAB, A/C, 24" EXTREME SERVICE GROUSERS	2YD00580		\$87,500	\$97,500	\$115,000

The attached cover letter is an integral part of this Appraisal Report

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**STEPHEN PASSY & ASSOCIATES, INC.**

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